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A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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14718
REGISTRATION NO. 14718

JUN 28 1985 - 10 22 AM

INTERSTATE COMMERCE COMMISSION
June 28, 1985

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Room 2215
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

REGISTRATION NO. 14718
JUN 28 1985 - 10 22 AM
INTERSTATE COMMERCE COMMISSION

Dear Mr. Bayne:

Enclosed herewith are an original and one copy of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

The first document is a conditional sale agreement, a primary document, dated June 19, 1985.

The names and addresses of the parties to the Conditional Sale Agreement are as follows:

Builder: NATIONAL STEEL CAR LIMITED
P.O. Box 450
602 Kenilworth Avenue North
Hamilton, Ontario, CANADA
L8N 3J4

Owner-Lessor: CONTAINER PORT OF ALBERTA
RESEARCH CORPORATION
2737 Toronto Dominion Tower
Edmonton, Alberta, CANADA
T5J 2Z1

C. Bayne
Ad. H. Kuntz

(7)

Mr. James H. Bayne
June 28, 1985
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The second document is an assignment of conditional sale agreement, a secondary document, dated June 19, 1985. We request that this assignment be cross-indexed.

The names and addresses of the parties to the Assignment of Conditional Sale Agreement are as follows:

Builder:	NATIONAL STEEL CAR LIMITED P.O. Box 450 602 Kenilworth Avenue North Hamilton, Ontario, CANADA L8N 3J4
Trustee:	THE CANADA TRUST COMPANY 110 Yonge Street Toronto, Ontario, CANADA M5C 1T4
Owner-Lessor:	CONTAINER PORT OF ALBERTA RESEARCH CORPORATION 2737 Toronto Dominion Tower Edmonton, Alberta, CANADA T5J 2Z1

A description of the equipment covered by the Conditional Sale Agreement and the Assignment of Conditional Sale Agreement follows:

Type of Equipment:	Five-Pak Articulated Intermodal Budd/Thrall LO-PAC 2000 Well Flat Cars
Specifications:	CN Freight Equipment General Specification SS-1974 revised July, 1976, CN Specification F 50-20 dated September, 1984, Builder's Proposal dated 22 October, 1984, and Builder's letters of 22 October (2), 26 October, 8 November, 1984, 7, 8, 15 January, 6 February, and 12 March, 1985 and CN letter of 4 February, 1985.

Mr. James H. Bayne
June 28, 1985
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Quantity:	82
Identification Marks:	"OWNERSHIP SUBJECT TO SECURITY AGREEMENTS FILED WITH REGISTRAR GENERAL OF CANADA AND I.C.C."
Lessee's Road Numbers (Both Inclusive)*:	CN 683200 through CN 683589; CN 637000 through CN 637019

A fee of \$10.00 is enclosed. Please return the originals after recordation to the undersigned at the address listed above.


A short summary of the Conditional Sale Agreement to appear in the index follows:

"Conditional sale agreement between CONTAINER PORT OF ALBERTA RESEARCH CORPORATION, 2737 Toronto Dominion Tower, Edmonton, Alberta, Canada, T5J 2Z1, and NATIONAL STEEL CAR LIMITED, P.O. Box 450, 602 Kenilworth Avenue North, Hamilton, Ontario, CANADA L8N 3J4, dated June 19, 1985, covering 82 well flat cars."

A short summary of the Assignment of Conditional Sale Agreement to appear in the index follows:

"Assignment between NATIONAL STEEL CAR LIMITED, P.O. Box 450, 602 Kenilworth Avenue North, Hamilton, Ontario, Canada, L8N 3J4, and THE CANADA TRUST COMPANY, 110 Yonge Street, Toronto, Ontario, Canada, M5C 1T4, dated June 19, 1985, covering 82 well flat cars, and connected to Conditional Sale Agreement with Recordation No. _____."

Very truly yours,


James G. Pachulski

Enclosures

* Each unit has 5 platforms and each platform is numbered consecutively.

RECORDATION NO. 14718 Filed 1425
JUN 28 1985 - 10 55 AM
INTERSTATE COMMERCE COMMISSION

EXHIBIT A
to
Participation Agreement

CONDITIONAL SALE AGREEMENT

Dated as of June 19, 1985

Between

CONTAINER PORT OF ALBERTA RESEARCH CORPORATION

and

NATIONAL STEEL CAR LIMITED

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* This Table of Contents has been included in this document for convenience only and does not form part of, or affect any construction or interpretation of, this document.

CONDITIONAL SALE AGREEMENT dated as of June 19, 1985, between NATIONAL STEEL CAR LIMITED, a Canadian corporation (the "Vendor" or the "Builder" as more particularly set forth in Article 1 hereof), and CONTAINER PORT OF ALBERTA RESEARCH CORPORATION, a Canadian corporation (the "Owner-Lessor").

WHEREAS:

The Builder agrees to construct, sell and deliver to the Owner-Lessor, and the Owner-Lessor agrees to purchase, the railroad equipment described in Annex B hereto (the "Equipment").

The Owner-Lessor is entering into a lease dated as of the date hereof with Canadian National Railway Company, a body corporate (the "Lessee"), substantially in the form of Exhibit B (the "Lease") to that Participation Agreement dated the date hereof among the Builder, the Owner-Lessor, the Lessee and others (the "Participation Agreement").

The Canada Trust Company (the "Trustee") is acting as trustee under a Deed of Trust dated the date hereof (the "Deed of Trust") between the Trustee and the Owner-Lessor.

The Owner-Lessor will furnish that portion of the Purchase Price (as hereinafter defined) for the Equipment as is required under subparagraph (a) of the fourth paragraph of Article 4 hereof and an amount equal to the Balance of the Purchase Price (as hereinafter defined) shall be paid by the Trustee from the proceeds of the issue by it of Secured Equipment Notes (as defined in the Participation Agreement) in consideration for the assignment by the Builder to the Trustee of its rights and interest hereunder pursuant to an Assignment of Conditional Sale Agreement dated the date hereof (the "CSA Assignment") among the Trustee, the Builder and the Owner-Lessor.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The term "Vendor", whenever used in this Agreement, means, before the assignment of its rights hereunder pursuant to the CSA Assignment, National Steel Car Limited and any successor or

successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, National Steel Car Limited and any successor or successors for the time being to its manufacturing properties and business.

It is expressly acknowledged and agreed by the Builder that the Owner-Lessor will assign its rights hereunder with respect to the Builder's warranties of the Equipment to the Lessee and that the Lessee may enforce any rights thereunder against the Builder.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant described in Annex B hereto, and the Builder will sell and deliver to the Owner-Lessor, and the Owner-Lessor will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing by the Builder, the Owner-Lessor and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all Department of Transport (Canada), United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as then being applicable to each such unit of Equipment, and each such unit will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment to the Owner-Lessor at the place or places specified in Annex B hereto, freight and storage charges, if any, prepaid and included in the Purchase Price (as hereinafter defined), in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of units of the Equipment shall not be made until the Builder shall have been notified by the Trustee that the conditions (including the receipt of opinions of counsel as to the necessary filing and recording of documents) contained in Paragraph 7 of the Participation Agreement have been met or waived and the Builder shall

have been notified by the Owner-Lessor that the conditions contained in Paragraph 8 of the Participation Agreement have been met or waived; and provided further that the Builder shall not have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default. The Builder agrees not to deliver any unit of Equipment hereunder following receipt of written notice from the Owner-Lessor or the Trustee (a) of the commencement of any such proceedings or the occurrence of any such event, as aforesaid, or (b) that any of the conditions contained in Paragraph 7 or 8 of the Participation Agreement have not been met or waived. The Builder's forbearance so to deliver shall not in any way adversely affect the rights of the Builder.

Any Equipment not delivered at the time of receipt by the Builder of the notice specified in the second sentence of the first paragraph of this Article 3 and any Equipment not delivered and accepted hereunder on or prior to October 27, 1985, shall be excluded from this Agreement, and the Owner-Lessor shall be relieved of its obligations to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom, such Equipment shall be purchased by the Lessee pursuant to Paragraph 1 of the Participation Agreement.

The Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including, but not limited to, acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, lockouts, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment and components thereof shall be subject to inspection and approval by the authorized inspectors of the Owner-Lessor (who may be employees or agents of the Lessee), and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect the materials used in the construction of its Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Owner-Lessor (who may be an employee or agent of the

Lessee) for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Owner-Lessor (who may also be an employee or agent of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (the "Certificate of Acceptance"), substantially in the form of Schedule C to the Lease; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 13 hereof.

On delivery and acceptance of each such unit hereunder at the place specified for delivery, the Builder shall not have any further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Owner-Lessor of any unit of Equipment excluded from this Agreement pursuant to the second paragraph of this Article 3 or the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Owner-Lessor any right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Owner-Lessor any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Owner-Lessor shall be held by the Owner-Lessor solely as agent of the Lessee and for its sole benefit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto and are subject to increase or decrease as contemplated by the Purchase Order (as defined in the Participation Agreement). Such base price or prices are also subject to such increase or decrease as is agreed to by the Builder, the Owner-Lessor and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the invoice or invoices of the Builder delivered to the Owner-Lessor (the "Invoices") and, if the Purchase Price is greater than the base price or prices set forth in Annex B, the Invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee. If on any Closing Date (as herein-after defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been and is

then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as the Owner-Lessor may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), such number of units of Equipment, as will, after giving effect to the provisions of this sentence, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 5 of Annex A hereto (or such higher amount as aforesaid), will be purchased by the Lessee pursuant to the Paragraph 1 of the Participation Agreement. If on any Closing Date either the Owner-Lessor or the Trustee fails to make, or is released from making, payment to the Builder for any units of the Equipment in accordance with the Participation Agreement, this Agreement or the CSA Assignment, such units of Equipment shall be excluded from this Agreement and will be purchased by the Lessee pursuant to Paragraph 1 of the Participation Agreement. The Owner-Lessor shall take such steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Owner-Lessor shall have no right, interest, obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Owner-Lessor as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean the dates (not later than October 27, 1985, such later date being herein called the "Cut-Off Date") set forth in Item 2 of Annex A, subject to such changes as may be made in accordance with Paragraph 2 of the Participation Agreement.

The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Montréal or Toronto are authorized or obligated to remain closed.

The Owner-Lessor hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

- (a) not later than 10:00 a.m., Montréal time, on the Closing Date with respect to each Group, by way of cash or certified cheque payable to

or at the order of the Builder, an amount equal to 27% of the aggregate Purchase Price of Equipment included in such Group; and

- (b) the balance, that is to say, an amount equal to 73% of the aggregate Purchase Price of Equipment (the "Balance of the Purchase Price") included in such Group, subject to the provisions of Article 7 hereof, by way of 36 consecutive semi-annual payments of principal and interest at a rate of 11.5% per annum, calculated and payable semi-annually, in the amounts on the dates set forth in Annex C hereto, payable in arrears.

ARTICLE 5. Retention of Property in and Title to the Equipment. The Vendor shall and does hereby retain the property in and title to the Equipment, and the Vendor shall have a security interest in the Equipment, until the Owner-Lessor shall have made payment in full of the Purchase Price of the Equipment in accordance with Article 4 hereof and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Owner-Lessor and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Owner-Lessor and the Lessee as provided in this Agreement and the Lease. It is specifically agreed and understood that the rights and interest of the Vendor created by the preceding sentence may be assigned, in whole or in part, to the Trustee pursuant to the CSA Assignment or to any other assignee for the time being of the right, title and interest of the Vendor hereunder including the right to receive the Balance of the Purchase Price.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Purchase Price of the Equipment including the Balance of Purchase Price shall have been paid in full, property in and title to the Equipment shall pass to and vest in the Owner-Lessor, or any assignee of the Owner-Lessor, without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Owner-Lessor at that time, will (a) execute a bill or bills of sale for the Equipment releasing its property and title to the Owner-Lessor or upon its order, free of all liens, security interests, and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Owner-Lessor at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be

necessary or appropriate in order then to make clear upon the public records the title of the Owner-Lessor to the Equipment and (c) pay to the Owner-Lessor any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Owner-Lessor hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Owner-Lessor.

The Vendor and the Owner-Lessor confirm that the security interest herein constituted will attach with respect to any unit of the Equipment at the time that the Owner-Lessor acquires rights thereto.

ARTICLE 6. Taxes. All payments to be made by the Owner-Lessor hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any Taxes (as defined in Section 6 of the Lease) (other than gross receipt taxes except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes, any taxes which are or may become imposed by Canada on payments being made under this Agreement to a non-resident of Canada (as defined in the Income Tax Act (Canada)), taxes measured by net income, excess profits taxes and similar taxes) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Taxes the Owner-Lessor assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Owner-Lessor will also pay promptly all Taxes which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Vendor solely by reason of its ownership thereof (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all Taxes which might in any way affect the security interest or property or rights of the Vendor in or to the Equipment or result in a lien upon any part of the Equipment; provided, however, that the Owner-Lessor shall be under no obligation to pay any Taxes of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such Taxes and the non-payment thereof does not, in the reasonable opinion of the Vendor, adversely

affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any Taxes shall have been charged or levied against the Vendor directly and paid by the Vendor, the Owner-Lessor shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Owner-Lessor shall not be obligated to reimburse the Vendor for any Taxes so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Owner-Lessor shall have approved in writing the payment thereof. Nothing in this Article 6 shall be deemed to imply an obligation on the part of the Owner-Lessor to file any tax returns or reports on behalf of the Builder or the Trustee.

ARTICLE 7. Maintenance and Casualty Occurrences.
The Owner-Lessor shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, ordinary wear and tear excepted.

In the event that any unit of the Equipment shall suffer a Casualty Occurrence (as defined in Section 7 of the Lease), the Owner-Lessor, or its assign, as the case may be, shall, promptly after it shall have received notice from the Lessee or has otherwise been informed that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto.

The Casualty Value (as defined in Section 7 of the Lease) of each unit of the Equipment suffering a Casualty Occurrence shall be not less than the Balance of the Purchase Price thereof remaining unpaid on the Casualty Payment Date (as defined in Section 7 of the Lease) (taking into account payments of principal and interest paid on such date but without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Balance of the Purchase Price in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the Balance of the Purchase Price of such unit bears to the aggregate Balance of the Purchase Price of the Equipment.

In the event of a Casualty Occurrence or that the Lessee exercises its option pursuant to the first paragraph of Section 15 of the Lease, all payments made by the Lessee to the Vendor as required by the aforementioned provisions of the Lease will be applied by the Vendor to forthwith satisfy

the Balance of the Purchase Price with respect to (i) the unit or units having suffered a Casualty Occurrence (as set forth above) or (ii) the Equipment, as the case may be, and the Vendor will execute, or cause to be executed, and deliver to or upon the order of the Lessee all such documents as may be necessary or reasonably required to transfer to the Lessee clear and absolute title to any unit of Equipment having, as the case may be, suffered a Casualty Occurrence or being purchased by the Lessee.

ARTICLE 8. Reports and Inspections. On or before April 1 in each year, commencing with the year 1986, the Owner-Lessor shall cause to be furnished to the Vendor an accurate statement to the effect set forth in Section 8 of the Lease.

ARTICLE 9. Marking of Equipment. The Owner-Lessor will cause each unit of the Equipment to be kept numbered and marked as provided in Section 5 of the Lease. The Owner-Lessor will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, obliterated, defaced or destroyed. The Owner-Lessor will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Owner-Lessor in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Owner-Lessor will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names, trademarks, initials or other insignia customarily used by the Lessee or its affiliates or any operator or sublessee permitted under Section 12 of the Lease to the extent provided in the proviso in the last paragraph of Section 5 of the Lease.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Owner-Lessor will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all Applicable Laws (as defined in Section 9 of the Lease), and in the event that any such Applicable Laws

require any alteration, replacement or modification of or to any part of any unit of the Equipment, the Owner-Lessor will conform therewith at its own expense; provided, however, that the Owner-Lessor or the Lessee may, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in and to the Equipment or otherwise under this Agreement.

ARTICLE 11. Possession and Use. The Owner-Lessor, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Owner-Lessor, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement, the CSA Assignment and to the last sentence of Section 1 and the second paragraph of Section 4 and Section 12 of the Lease.

The parties hereto acknowledge that the Owner-Lessor simultaneously is leasing the Equipment to the Lessee as provided in the Lease. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Owner-Lessor will pay or discharge any and all sums claimed by any party from, through or under the Owner-Lessor or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Owner-Lessor's interest in the Lease and the payments to be made thereunder (subject to any assignment of the right to receive rental payments thereunder to the Trustee), and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the non-payment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in and to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined.

or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 13. Indemnities and Warranties. The Owner-Lessor agrees to indemnify, protect and hold harmless the Builder and the Vendor and their successors, assigns, agents and servants, from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the occurrence of a default or an event of default under this Agreement, the ownership, ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, the compliance or non-compliance by the Lessee with any applicable law, rule or regulation with respect to the use, maintenance or operation of any of the Equipment, or any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto, and the property therein remains in the Vendor; provided, however, that the Owner-Lessor shall not be required to indemnify the Builder against any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder, and the Owner-Lessor shall not be required to indemnify the Vendor in respect of the Vendor's wilful misconduct or negligence or in respect of any breach by the Vendor hereunder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the Purchase Price of, and the passing of property in and title to the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever. Anything herein to the contrary notwithstanding, the Owner-Lessor shall not be obligated to indemnify under this paragraph in respect of any charge, claim, expense, loss or liability attributable to a unit of the Equipment which, and to an event occurring after such unit, shall have been assembled, delivered, stored and transported to the Vendor pursuant to Articles 15 and 16 hereof or after this Agreement with respect to such unit has otherwise terminated; provided further that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such units which existed at the time such unit was so returned or this Agreement with respect to such unit terminated.

The Owner-Lessor will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

The Builder represents and warrants to the Owner-Lessor, the Lessee and the Vendor that immediately prior to the time of delivery and acceptance of each unit of Equipment under this Agreement, the Builder will have good title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature arising from, through or under the Builder, except the rights of any of the parties under the Participation Agreement and all Exhibits and Annexes thereto. It is understood and agreed that the Builder shall not be responsible for or incur any liability in connection with the recording or filing or the failure to record or file this Agreement, the Lease or any other documents relating thereto or copies or notices thereof, under any laws in any jurisdiction in which such recording or filing may be required.

The agreement of the parties relating to the Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Items 3 and 4 of Annex A hereto.

ARTICLE 14. Assignments. The Owner-Lessor will not, except as provided in the last paragraph of Article 11 hereof, transfer the right to possession of any unit of the Equipment or sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Owner-Lessor on account of the Balance of the Purchase Price, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities referred to in Article 13 hereof, or relieve the Owner-Lessor of its obligations to the Builder and the Vendor contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment by the Vendor, either the assignor or the assignee shall give written notice to the Owner-Lessor and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post-office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Owner-Lessor of the notification of any such assignment, all payments thereafter to be made by the Owner-Lessor under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct. The Owner-Lessor may rely upon documents received pursuant to this paragraph believed by it in good faith to be true and authentic.

The Owner-Lessor recognizes and agrees that this Agreement will be assigned to the Trustee as provided in the CSA Assignment. The Owner-Lessor expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder including the right to the Balance of the Purchase Price, and for the purpose of inducing such acquisition, that the rights of the Trustee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, set-off, compensation, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, set-off, compensation, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Owner-Lessor or the Lessee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Owner-Lessor or the Lessee, as the case may be, against and only against the Builder.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

- (a) the Owner-Lessor shall fail to pay or cause to be paid in full any sum payable by the Owner-Lessor when payment thereof shall be due hereunder (irrespective of the provisions hereof

limiting the liability of the Owner-Lessor) and such default shall continue for five business days after notice thereof to the Owner-Lessor and the Lessee; or

- (b) the Owner-Lessor (irrespective of the provisions hereof limiting the liability of the Owner-Lessor) or the Lessee shall, for more than 30 days after the Vendor shall have demanded, in writing addressed to the Owner-Lessor and the Lessee, performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or
- (c) any proceeding shall be commenced by or against the Owner-Lessor for any relief which includes, or might result in, any modification of the obligations of the Owner-Lessor hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Owner-Lessor under this Agreement, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Owner-Lessor or for its respective property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced, the whole subject to the Lessee's rights of quiet enjoyment, possession, use and assignment under Sections 1, 4 and 12 of the Lease; or

- (d) the Owner-Lessor shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Owner-Lessor shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Owner-Lessor of such Agreement, interest or right; or
- (e) an Event of Default shall have occurred under the Lease; provided, however, that an Event of Default under clause (a) of Section 10 of the Lease shall not be deemed to be an event of default hereunder if within five business days after the occurrence of such Event of Default the Owner-Lessor shall make payment of all amounts in default under subparagraph (a) of this Article;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Owner-Lessor and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare (a "Declaration of Default") the Balance of the Purchase Price immediately due and payable without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. In addition, if the Owner-Lessor does not pay in full the Balance of the Purchase Price, together with the interest thereon accrued and unpaid to the date of payment, within 15 days of such notice of Declaration of Default, the Vendor may (subject to the provisions of the second paragraph of Section 4 of the Lease relating to termination and to the Lessee's rights of quiet enjoyment, possession, use and assignment under Sections 1, 4 and 12 of the Lease) cause the Lease immediately, upon written notice to the Owner-Lessor, to terminate, but the Lessee shall remain liable as therein provided. Upon a Declaration of Default, the Vendor shall be entitled to recover judgment for the entire unpaid portion of the Balance of the Purchase Price, with interest as aforesaid, and to collect such judgment out of any property of the Owner-Lessor, wherever situated. The Owner-Lessor shall promptly notify the Vendor of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse

of time could constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Owner-Lessor and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Owner-Lessor that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. Subject to the Lessee's rights of quiet enjoyment, possession, use and assignment under Sections 1, 4 and 12 of the Lease and to the options to purchase the Equipment granted unto the Lessee under Section 15 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Owner-Lessor any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Owner-Lessor or any other person and for such purpose may enter upon the premises of the Owner-Lessor or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Owner-Lessor, subject to all mandatory requirements of due process of law.

In the case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Owner-Lessor shall, at its own expense and risk:

- (a) forthwith cause the Equipment to be placed upon such storage tracks of the Lessee as the Vendor reasonably may designate;

- (b) permit the Vendor to store the Equipment on such tracks at the risk of the Owner-Lessor without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and
- (c) cause the Equipment to be transported to any reasonable place on any lines of the Lessee or to the point of interconnection with any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Owner-Lessor will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a judgment against the Owner-Lessor requiring specific performance hereof. The Owner-Lessor hereby expressly waives any and all claims against the Vendor and the Lessee and their respective agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

If the Vendor, after retaking possession of the Equipment, elects to retain the same, notice of such election shall be given to the Owner-Lessor and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 60 days after such election. In the event that the Vendor should elect to retain the Equipment, all the Owner-Lessor's rights in the Equipment shall thereupon terminate and all payments made by the Owner-Lessor or for its account may and will be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Owner-Lessor, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid Balance of the Purchase Price, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner-Lessor; provided further that if the Owner-Lessor does not consent to the retention of the Equipment or if the Lessee or any other person notified under the terms of this paragraph objects in writing to the Vendor within 30 days

from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

Subject to Lessee's rights of quiet enjoyment, possession and use as set forth in Sections 1, 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Owner-Lessor, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Owner-Lessor, the Lessee or any other party claiming from, through or under the Owner-Lessor or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if prior to such sale and prior to the making of a contract for such sale, the Owner-Lessor should tender full payment of the total unpaid Balance of the Purchase Price, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for and otherwise arranging for, the sale and the Vendor's reasonable attorney's fees, then upon receipt of such payment, expenses and fees by the Vendor, title to and property in the Equipment shall pass to and vest in the Owner-Lessor. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Owner-Lessor or the Lessee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Owner-Lessor

and the Lessee shall be given written notice of such sale not less than 10 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. In addition, if such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Owner-Lessor to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Owner-Lessor (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Owner-Lessor shall pay the amount of such deficiency to the Vendor upon demand together with interest thereon from the date of such demand to the date of payment, and, if the Owner-Lessor shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Owner-Lessor. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Owner-Lessor.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor and no such power shall in any way diminish or affect the property in and title of the Vendor to the Equipment. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Owner-Lessor or the Lessee shall not otherwise alter or affect the Vendor's rights or the Owner-Lessor's obligations hereunder. The Vendor's acceptance of any

payment after it shall have become due hereunder shall not be deemed to alter or affect the Owner-Lessor's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

The Owner-Lessor will pay all reasonable expenses, including legal fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable legal fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall, as to such jurisdiction only, be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Owner-Lessor to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Owner-Lessor, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

This Agreement is governed by the laws of Ontario and the federal laws of Canada applicable therein.

ARTICLE 18. Recording. The Owner-Lessor will (a) cause this Agreement, any assignments hereof, including the CSA Assignment, and any amendments or supplements hereto or thereto to be filed with the Registrar General of Canada and the Interstate Commerce Commission and in all other places required by Section 16 of the Lease; (b) from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law (including renewals of the filings contemplated by Section 16 of the Lease) or

reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and (c) at the request of the Vendor, promptly furnish or cause to be furnished to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Purchase Order (as defined in the Participation Agreement) and the Participation Agreement and its exhibits, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Owner-Lessor with respect to the Equipment and supercedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor, the Owner-Lessor and, if such variation or modification shall adversely affect its interest hereunder, the Builder.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first-class mail, postage prepaid, at the following addresses:

- (a) to the Owner-Lessor, at 2737 Toronto Dominion Tower, Edmonton, Alberta, T5J 2Z1, Attention of the President,
- (b) to the Lessee, at 935 de La Gauchetiere Street West, Montréal, Québec, H3B 2M9, Attention of Treasurer,
- (c) to the Builder, at its address specified in Item 1 of Annex A hereto,
- (d) to any assignee of the Vendor, or of the Owner-Lessor, at such address as may have been furnished in writing to the Owner-Lessor, or the Vendor, as the case may be, and to the Lessee, by such assignee, including in the case of the Trustee the address shown in the CSA Assignment,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Trustee pursuant to the CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Agreement is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

ARTICLE 22. Currency. All references herein to dollar amounts are references to Canadian dollars.

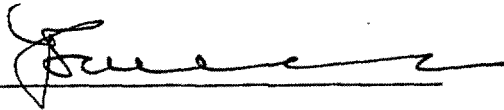
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above written.


NATIONAL STEEL CAR LIMITED

by: 

[CORPORATE SEAL]

Attest:



by: 

CONTAINER PORT OF ALBERTA
RESEARCH CORPORATION

by: _____

[CORPORATE SEAL]

Attest:

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Trustee pursuant to the CSA Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Agreement is dated as of the date first above written, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

ARTICLE 22. Currency. All references herein to dollar amounts are references to Canadian dollars.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the date first above written.

NATIONAL STEEL CAR LIMITED

[CORPORATE SEAL]

by: _____

Attest:

by: _____

CONTAINER PORT OF ALBERTA
RESEARCH CORPORATION

[CORPORATE SEAL]

by:  _____

Attest:

PROVINCE OF ONTARIO ,)
CITY OF HAMILTON) ss.:


On this 19th day of June 1985, before me personally appeared R. W. Cooke, to me personally known, who, being by me duly sworn, says that he is President of NATIONAL STEEL CAR LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.


Notary Public

[Notarial Seal]
Harold Graham Wilson, Notary Public,
Judicial District of Hamilton-Wentworth,
limited to the attestation of instruments and
the taking of affidavits only while
associated with Defasco Inc. and for work
in connection with this Corporation and its
subsidiary Companies only
Expires - October 22 1985

PROVINCE OF ONTARIO ,)
CITY OF HAMILTON) ss.:

On this 19th day of June 1985, before me personally appeared David E. Poole, to me personally known, who, being by me duly sworn, says that he is Assistant Secretary of NATIONAL STEEL CAR LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Notary Public

[Notarial Seal]
Harold Graham Wilson, Notary Public,
Judicial District of Hamilton-Wentworth,
limited to the attestation of instruments and
the taking of affidavits only while
associated with Defasco Inc. and for work
in connection with this Corporation and its
subsidiary Companies only
Expires - October 22 1985

PROVINCE OF Alberta,)
CITY OF Edmonton)

ss.:

On this 19th day of June, before me personally appeared H. Hottel, to me personally known, who, being by me duly sworn, says that he is President of CONTAINER PORT OF ALBERTA RESEARCH CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Notary Public

[Notarial Seal]

My Commission expires

Annex A
to
Conditional Sale Agreement

- Item 1: National Steel Car Limited, P.O. Box 450,
602 Kenilworth Avenue North, Hamilton, Ontario,
L8N 3J4, Attention: M.G. Nichols, Comptroller and
Secretary-Treasurer.
- Item 2: The Equipment shall be settled for in not more than
2 Groups of units of the Equipment delivered to and
accepted by the Owner-Lessor, unless a greater
number shall be agreed to by the parties hereto and
by the Lessee. The Closing Date for the first
Group will be August 20, 1985 and the Closing Date
for the second Group will be September 27, 1985.
- Item 3: The Builder warrants that each unit of the Equip-
ment at the time of delivery to the Owner-Lessor
will be constructed in accordance with the Specifi-
cations and the standards and requirements set
forth in Article 2 of the Conditional Sale Agree-
ment to which this Annex A is attached (hereinafter
the "Agreement") and warrants that each such unit
will be free from defects in material and workman-
ship under normal use and service. The Builder's
liability under this Item 3 is as provided in
Indentures dated May 15, 1985 and June 3, 1985
between the Builder and the Lessee. The foregoing
warranty of the Builder is expressly in lieu of all
other warranties expressed or implied including any
implied warranty of merchantability or fitness for
a particular purpose, and of all other obligations
or liabilities except under Articles 2, 3 and 4 of
the Agreement and Item 3 of this Annex A, and the
Builder neither assumes nor authorizes any person
to assume for it any other liability in connection
with the construction and delivery of the Equipment
except as aforesaid.

The Builder further agrees with the Owner-Lessor
that neither the inspection as provided in
Article 3 of the Agreement, nor any examination,
nor the acceptance of any such unit as provided in
said Article 3 shall be deemed a waiver or a modi-
fication by the Owner-Lessor or Lessee of any of
its rights under this Item 3.

Item 4: The Builder agrees to indemnify, protect and hold harmless the Owner-Lessor and the Lessee from and against any and all liability, claims, costs, charges and expense, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Owner-Lessor or the Lessee, their assigns or the users of the Equipment, because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Owner-Lessor and the Lessee will give prompt notice to the Builder of any claim known to them, respectively, from which liability may be charged against the Builder hereunder. At its expense and cost, the Builder with its counsel shall defend such claim. The Owner-Lessor and the Lessee shall provide such information as they may possess reasonably to enable the Builder to defend such claim. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Owner-Lessor and the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Lessee and purchased or otherwise acquired by the Builder for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. The Builder further agrees to execute and deliver to the Owner-Lessor and the Lessee or the users of its Equipment all and every such further assurance as may be reasonably requested more fully to effectuate the assignment and delivery of every such claim, right and cause of action. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

Item 5: The Maximum Purchase Price referred to in Article 4 of the Agreement is \$20,000,000.

Item 6: The maximum amount of the Balance of the Purchase Price referred to in Article 4 of the Agreement is \$14,600,000.

ANNEX B
TO
CONDITIONAL SALE AGREEMENT

Type	Specifications	Builder	Lessee's		Quantity	Estimated		Estimated	Time and
			Road	Numbers		Unit	Price	Total	Place of
			Inclusive)*					Price	Delivery
Five-Pak Articulated Intermodal Budd/Thrall LO-PAC 2000 well flat cars	CN Freight Equipment General Specification SS-1974 revised July, 1976, CN Specification F 50-20 dated September, 1984, Builder's proposal dated 22 October, 1984, and Builder's letters of 22 October (2), 26 October, 8 November, 1984, 7, 8, 15 January, 6 February, and 12 March 1985 and CN letter of 4 February, 1985.	National Steel Car Limited, Hamilton, Ontario	See below	See below	See below	See below	See below	See below	June to September 1985, Hamilton, Ontario
for container and/or trailer use	as above	CN 683200 through CN 683589	78	Cdn \$234,310	Cdn \$18,276,180				
for container (double stacked) use	as above, plus Builder's letters 16, 24 April and 8 May, 1985, and CN letters of 1, 3, 9 and 28 May, 1985.	CN 637000 through CN 637019	4	Cdn \$234,720	Cdn \$ 938,880 \$19,215,060				

* each unit has 5 platforms and each platform is numbered consecutively

Annex C
to
Conditional Sale Agreement
(assuming \$20,000,000 Purchase Price)

<u>Date of Payment</u>	<u>Amount of Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance of Principal</u>
1. October 27, 1985	Interest at 11.5% per annum from Closing Date	-	-	14,600,000
2. April 27, 1986	966,376	126,876	839,500	14,473,124
3. October 27, 1986	966,376	134,171	832,205	14,338,953
4. April 27, 1987	966,376	141,886	824,490	14,197,067
5. October 27, 1987	966,376	150,045	816,331	14,047,022
6. April 27, 1988	966,376	158,672	807,704	13,888,350
7. October 27, 1988	966,376	167,796	798,580	13,720,554
8. April 27, 1989	966,376	177,444	788,932	13,543,110
9. October 27, 1989	966,376	187,647	778,729	13,355,463
10. April 27, 1990	966,376	198,437	767,939	13,157,027
11. October 27, 1990	966,376	209,847	756,529	12,947,180
12. April 27, 1991	966,376	221,913	744,463	12,725,267
13. October 27, 1991	966,376	234,673	731,703	12,490,594
14. April 27, 1992	966,376	248,167	718,209	12,242,427
15. October 27, 1992	966,376	262,436	703,940	11,979,990
16. April 27, 1993	966,376	277,526	688,849	11,702,464
17. October 27, 1993	966,376	293,484	672,892	11,408,980
18. April 27, 1994	966,376	310,360	656,016	11,098,620
19. October 27, 1994	966,376	328,205	638,171	10,770,415
20. April 27, 1995	966,376	347,077	619,299	10,423,338
21. October 27, 1995	966,376	367,034	599,342	10,056,304
22. April 27, 1996	966,376	388,138	578,237	9,668,166
23. October 27, 1996	966,376	410,456	555,920	9,257,709
24. April 27, 1997	966,376	434,058	532,318	8,823,652
25. October 27, 1997	966,376	459,016	507,360	8,364,636
26. April 27, 1998	966,376	485,409	480,967	7,879,226
27. October 27, 1998	966,376	513,320	453,056	7,365,906
28. April 27, 1999	966,376	542,836	423,540	6,823,070
29. October 27, 1999	966,376	574,049	392,327	6,249,020
30. April 27, 2000	966,376	607,057	359,319	5,641,963
31. October 27, 2000	966,376	641,963	324,413	5,000,000
32. April 27, 2001	1,008,840	721,340	287,500	4,278,660
33. October 27, 2001	1,008,840	762,817	246,023	3,515,843
34. April 27, 2002	1,008,840	806,679	202,161	2,709,164
35. October 27, 2002	1,008,840	853,063	155,777	1,856,100
36. April 27, 2003	1,008,840	902,414	106,726	953,986
37. October 27, 2003	1,008,840	953,986	54,854	-
	35,044,317	14,600,000	20,444,317	

District of Columbia)
)
City of Washington)

I, Kathleen L. Smith, a notary public for the District of Columbia, do hereby swear that on this 27th day of June, 1985, I have compared a copy of the original document entitled "Conditional Sale Agreement dated as of June 19, 1985 between Container Port of Alberta Research Corporation and National Steel Car Limited" and found the copy to be complete and identical in all respects to the original documents.



Notary Public

My Commission Expires May 14, 1990